

**BLOGS**

Jurisdiction and Procedure

# California Court of Appeals Affirmed Order Denying Motion to Vacate Judgment from Texas

10/10/2024 | 2 minute read

The California Court of Appeals upheld a decision finding that a Texas court had personal jurisdiction over California franchisees. *GlobalCFO LLC v. Venkataramanappa*, 2024 WL 4220439 (Cal. Ct. App. Sept. 18, 2024). The underlying dispute arose from an action filed in Texas by GlobalCFO, LLC and GlobalCFO Franchise, LLC (collectively, "GlobalCFO"), the franchisors of the GlobalCFOService franchise system, against Sushma and Prasanna Venkataramanappa, residents of California, for violations of its intellectual property rights and certain non-compete and non-disclosure agreements. Prasanna Venkataramanappa was a former employee of GlobalCFO, LLC, and Sushma Venkataramanappa, his wife, had entered into a franchise agreement with My Tax Filer Global CFO Service GVA Franchise, LLC on behalf of Venkataramanappa LLC. At the trial court level in Texas, the Venkataramanappas made a special appearance and filed a motion to dismiss the Texas action for lack of personal jurisdiction. The Texas court concluded that it did have personal jurisdiction, denied the Venkataramanappas' motion, and ordered them to make a general appearance. Because they failed to make a general appearance and litigate the merits of the case, the Texas court entered a final monetary judgment and permanent injunction against the Venkataramanappas. GlobalCFO subsequently filed an application for entry of the sister-state judgment in a California superior court. In response, the Venkataramanappas asked the California court to vacate the judgment, again arguing that the Texas court lacked personal jurisdiction. The superior court denied their motion to vacate, and the Venkataramanappas appealed, renewing their personal jurisdiction arguments.

The Venkataramanappas asserted that they had never been to Texas, so Texas could have no personal jurisdiction over them. The appellate court agreed with the superior court's explanation that "specific personal jurisdiction" over the Venkataramanappas was established via the franchise agreement, which designates a Texas venue and states that "[t]he parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision." The Venkataramanappas also argued that because they did not make a general appearance in the Texas action, the Texas judgment cannot be enforced against them. The appellate court noted that the Venkataramanappas declined to make an appearance in the Texas action despite the court order that they do so, and as a result "a sister state's express ruling on jurisdiction is entitled to a full faith and

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credit and is not subject to collateral attack." The Venkataramanappas also asserted that because a California-specific addenda to the franchise agreement mentioned the California Franchise Relations Act, Bus. & Prof. Code, § 20000 et seq., any foreign venue provision in the franchise agreement was void. The appellate court was not persuaded by this argument because they did not address the trial court's conclusions that "venue is a distinct concept from jurisdiction," and because it is well established that "a party may consent to a foreign jurisdiction by contract." The court rejected the Venkataramanappas' other arguments, and accordingly, held that they had failed to establish that Texas lacked jurisdiction over them and affirmed the superior court's order denying the motion to vacate. It was further ordered that GlobalCFO was entitled to their costs on appeal.